



July 8, 2010

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Revised Private Passenger Automobile
Insurance Rates - North Carolina

On behalf of its member companies, the North Carolina Reinsurance Facility on June 25, 2010 filed with the Commissioner of Insurance rate level changes for bodily injury and property damage liability and medical payments insurance for nonfleet private passenger automobiles and bodily injury and property damage liability insurance for motorcycles ceded to the Reinsurance Facility. The filed rates apply only to ceded risks other than "clean risks" as defined in G.S. 58-37-35(1). The rates for "clean risks" ceded to the Reinsurance Facility and the rates for uninsured and combined uninsured/underinsured motorists coverages ceded to the Reinsurance Facility are not affected by this filing. Those rates were established effective November 1, 2009 and continue in effect without change.

The Facility's filing includes average rate level changes of -1.3% for bodily injury, -11.7% for property damage, and -8.4% for medical payments coverages, averaging -5.9% over rates presently in effect. The filing also includes a rate level change of -1.7% for the motorcycle liability coverages. The revised rates are to be implemented effective October 1, 2010, in accordance with the following Rule of Application:

These changes are applicable to all policies becoming effective on or after October 1, 2010. No policy effective prior to October 1, 2010 shall be endorsed or cancelled and rewritten to take advantage of or to avoid the application of these changes except at the request of the insured and at the customary short rate charges as of the date of such request, but in no event prior to October 1, 2010.

The enclosed exhibits set forth the revised rates for ceded risks other than "clean risks" effective October 1, 2010 and the revised relativities to be used in determining motorcycle rates for such

risks. A reprinted Personal Auto Manual rate page will be distributed in the usual fashion, as soon as possible. In the meantime, notice of these changes should be sent to your Company's North Carolina agents to make them aware of the changes.

With respect to the rate differential for ceded business, your attention is directed to G.S. 58-37-25(b) which provides in part as follows:

Each insurer will provide the same type of service to ceded business that it provides for its voluntary market. Records provided to agents and brokers will include an indication that the business is ceded. When an insurer cedes a policy or renewal thereof to the Facility and the Facility premium for such policy is higher than the premium that the insurer would normally charge for such policy if retained by the insurer, the policyholder will be informed that (i) his policy is ceded, (ii) the coverages are written at the Facility rate, which rate differential must be specified, (iii) the reason or reasons for the cession to the Facility, (iv) the specific reason or reasons for the cession to the Facility will be provided upon the written request of the policyholder to the insurer, and (v) the policyholder may seek insurance through other insurers who may elect not to cede his policy.

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dms

RF-10-8

Attachments

NORTH CAROLINA

PRIVATE PASSENGER AUTOMOBILE INSURANCE

REVISED BASE RATES - OTHER-THAN-CLEAN RISKS CEDED LIABILITY

Terr.	BODILY INJURY				PROPERTY DAMAGE			MEDICAL PAYMENTS				
	LIMIT				LIMIT			LIMIT				
	30/60	50/100	100/300	250/500	\$25,000	\$50,000	\$100,000	\$500	\$750	\$1000	\$2000	\$5000
11	\$177	\$209	\$248	\$294	\$179	\$181	\$184	\$18	\$24	\$29	\$42	\$61
13	257	303	360	427	204	206	210	26	35	42	61	88
14	255	301	357	423	201	203	207	26	35	42	61	88
15	273	322	382	453	197	199	203	28	37	45	66	95
16	245	289	343	407	211	213	217	25	33	40	59	85
17	270	319	378	448	213	215	219	27	36	43	63	91
18	231	273	323	383	187	189	193	24	32	38	56	81
24	215	254	301	357	163	165	168	22	29	35	51	74
25	305	360	427	506	202	204	208	31	41	50	73	105
26	321	379	449	533	180	182	185	33	44	53	77	112
31	245	289	343	407	188	190	194	25	33	40	59	85
32	221	261	309	367	174	176	179	22	29	35	51	74
33	245	289	343	407	160	162	165	25	33	40	59	85
40	314	371	440	521	224	226	231	32	43	51	75	108
41	245	289	343	407	213	215	219	25	33	40	59	85
43	232	274	325	385	172	174	177	24	32	38	56	81
47	271	320	379	450	166	168	171	28	37	45	66	95
51	220	260	308	365	206	208	212	22	29	35	51	74
52	297	350	416	493	224	226	231	30	40	48	70	101

Memorandum - North Carolina Personal Auto Manual
Matter underlined is new; matter in brackets [] is deleted.

19. MISCELLANEOUS TYPES (Cont'd)

- B. Motorcycles, Motorscooters, Motorbikes, Mopeds and Other Similar Motor Vehicles Not Used for Commercial Purposes Liability Coverages Only.

With respect to other than "clean risks" ceded to the North Carolina Reinsurance Facility, determine the appropriate premium by applying the following factors to the applicable ceded private passenger bodily injury and property damage rates. For Uninsured Motorists Coverage and Combined Uninsured/Underinsured Motorists Coverage, charge the applicable private passenger premium shown in Rule 14. Medical Payments coverage for these vehicles is not eligible for cession to the North Carolina Reinsurance Facility.

Engine Size Cubic Centimeters (cc)	Bodily Injury and Property Damage
0-499	[17%] <u>18%</u>
500-1249	[27%] <u>28%</u>
1250-1499	[37%] <u>39%</u>
1500-up	[48%] <u>50%</u>